

**MINUTES
CITY OF ST. CHARLES, IL
HOUSING COMMISSION
THURSDAY, MAY 24, 2018
COUNCIL COMMITTEE ROOM**

Members Present: Rita Payleitner, Liz Eakins, John Glenn, Louis Dries, Carolyn Waibel, Corinne Pierog

Members Absent: Karrsten Goettel, David Pietryla

Others Present: Ellen Johnson, Planner
Scott Berger, Director of Kane County Office of Community Reinvestment

1. Call to Order

Mr. Glenn called the meeting to order at 7:05 p.m.

2. Roll Call

Ms. Johnson called roll with five members present. There was a quorum. Ms. Eakins arrived at 7:47 p.m.

3. Election of Officers

This item was moved to Item #9.a.

4. Approval of Agenda

A motion was made by Ms. Payleitner and seconded by Ms. Pierog with a unanimous voice vote to approve the agenda with a change made to move Item #3 Election of Officers to Item #9.a.

5. Approval of Minutes from the March 8, 2018 meeting of the Housing Commission

A motion was made by Ms. Payleitner and seconded by Mr. Dries with a unanimous voice vote to approve the March 8, 2018 meeting minutes.

6. Approval of Minutes from the March 23, 2018 joint meeting of the City Council and Housing Commission.

A motion was made by Ms. Waibel and seconded by Ms. Payleitner with a unanimous voice vote to approve the March 23, 2018 joint meeting minutes.

7. Recap of Joint City Council-Housing Commission Meeting

Ms. Johnson said that at the joint meeting, City Council was agreeable to taking the Housing Commission's recommendation for setting the fee in-lieu at \$36,409.75. The fee in-lieu was formally approved at the City Council meeting the next week.

Ms. Waibel said the robust discussion regarding the new fee in-lieu and how they got there was great and important for the Council to hear. Mr. Glenn said the meeting went well and members of the Housing Commission are in a better position to do their jobs.

Ms. Johnson said City Council also gave the go-ahead to prepare an Intergovernmental Agreement with the County to allow City funds to be contributed into the County's Affordable Housing Fund for affordable housing developmental financing. Ms. Johnson added that the Council was agreeable to giving the Housing Commission the authority to approve financing for projects that are located in St. Charles. Mr. Glenn added that working with the County, we will have the funding that other communities do not have and this will put the City on the front burner with regards to any potential developments.

8. Kane County Affordable Housing Fund – Intergovernmental Agreement

Ms. Johnson introduced Scott Berger, Director of the Kane County Office of Community Reinvestment, and said he is attending this meeting to review the Intergovernmental Agreement (IGA) that allows for County administration of the City's three housing initiatives: Home Rehab Program, First-Time Homebuyer Program and administration of the City's contributions into the Kane County Affordable Housing Fund. The Home Rehab Program is an existing program and the City currently has an agreement with Community Contacts to administer it on the City's behalf.

Mr. Berger discussed some of the elements of the IGA. He said the IGA has a start date but no end date because it may take time for funds to be utilized. Applications received in the summer will go through a review process in the fall and there may be due diligence that the developers will have to go through. A final underwriting and loan commitment follows during the winter or spring, with these projects ready for the 2019 construction season. An annual allocation as previously discussed wouldn't necessarily line up with the project review and approval process. There will be a 90-day termination clause, so at any time the City or County can terminate the Agreement.

Mr. Berger said a budget is included in the IGA, where funds can be added as deemed appropriate. The Agreement would be amended to reflect any additional funding in the future. Each time the County submits a reimbursement to the City for expenses, they will provide a status of the amount the City has provided. This will allow the City to monitor the rate of how the funds are drawn for each of the three initiatives.

Ms. Johnson said the Agreement will specify the amount the City will allocate at the outset.

Mr. Berger said the County will front the money and the City will reimburse the County in the amount that they have fronted. Once the money allocated in this Agreement has been used, the County will report on the status of the City's portfolio. For the most part, the payments made by the County for Affordable Housing Fund projects will be considered as loans and the City has the flexibility to apply an interest rate based on the project type. For the Home Rehab Program and First-Time Homebuyer Program, the loans are zero-interest, deferred payment. When there is a sale or transfer of property made or if the assisted buyer decides to turn the home into a rental, this will

initiate repayment of the loan. A payoff letter is prepared by the County stating the amount owed and when payment is received, a release of the lien will take place. The County collects the proceeds to satisfy the City's loan and will handle all work associated with the release of the loan. On a quarterly basis, reimbursements will be made to the City. As stated in the Agreement, the County would like a 5% program delivery fee when it involves the Home Rehab and First-Time Homebuyer programs. For housing development financing, a 2.5% closing fee will apply.

Commissioners asked how much funding is available for the Home Rehab Program. Mr. Berger said with the addition of City funds, there are three components to the assistance that totals \$40,000. There is a \$20,000, zero-interest deferred payment loan from the County and a \$10,000 grant for lead paint remediation if needed, and then there is the \$10,000 contributed from the City. Should the housing market crash and a home buyer that has received assistance wants or needs to sell their home, the County's position is that they will not recapture any more than net proceeds. All home closing documentation is provided to the County to ensure the seller does not walk away with any of the loan proceeds from the sale of the home.

Mr. Berger explained the qualifications for the First-Time Homebuyer Program. To qualify as a first-time home buyer, you must have lived or worked full time in Kane County for at least one year. The program is also available to the portion of St. Charles that is located in DuPage County.

Commissioners discussed the Housing Trust Fund allocation for each of the three programs.

Ms. Johnson suggested \$50,000 each for the Home Rehab Program and First-Time Homebuyer Program. Mr. Berger said he will check into analytical data to provide a better idea of the utilization of these programs in the past to help determine the amount invested going forward. To date, the Home Rehab Program has been used most often by seniors.

Mr. Dries asked how people know that these programs are available. Mr. Berger said by word of mouth or in the Kane County Guide to Community Services and also on the website. Ms. Johnson said the City has marketed the Home Rehab Program through utility bill stuffers, brochures, and the website. Mr. Berger said County staff meet with local bank loan officers to make them aware of programs available. Mr. Dries suggested putting information in Kane County Connects and Ms. Waibel suggested connecting with low-income families within the City limits.

Mr. Berger provided background on the Affordable Housing Fund. He said it is a source of financing for developers to undertake affordable housing development. It can be new construction, rehabilitations, rental property or home ownership. Four funding sources are consolidated into a large pool to potentially attract larger developments. Three of these sources come from the County and one from Elgin. Specifically, Community Development Block Grant funds from the City of Elgin and Kane County, Kane-Elgin HOME Program and the Neighborhood Stabilization Program from Housing and Urban Development (HUD). A significant amount of money is amassed – last year they had about \$2.8 million dollars and this year there will be well over \$3 million made available.

Mr. Berger reviewed the RFP packet that is provided once a year through an offering from the County to the development community. This allows developers to submit proposals to the County for them to assess the quality, location, proximity of services and to determine if the project is ready. Further, the County analyzes the finances of the project to determine what is needed in terms of soft financing and what is needed to make the deal possible. In the case of rental projects, the

determination has to be made if enough revenue can be collected to cover all the debt, operating expenses and to make a profit. This is looked at on an annual basis projecting 30 to 40 years ahead to determine if there is sufficient revenue to support payment to the County. With the City's contribution, this means the loan might be funded with a combination of City and federal funds creating capital funding.

In response to questions from Commissioners, Mr. Berger said the financing to be considered for projects that come along could be interest bearing. The financing terms will be written according to what they can afford to pay. The County's goal is to receive as much of a repayment as is reasonable for the project to support. Mr. Berger said the City's interest in financing will go into the pool and be acknowledged as contributors to the loan pool. Financing terms will be recommended to the Kane-Elgin HOME Commission and where that financing is expected to include the City's money, a recommendation will be presented to the Housing Commission for their consideration.

Ms. Johnson stated that the Housing Commission has to decide if they would like to have a member participate on the HOME Commission. The Commission meets twice a year, during lunch at either Elgin City Hall or the Kane County Government Center. The Housing Commission representative would report back about the review of projects that are proposed for St. Charles financing, providing some context for when the projects are reviewed by the Housing Commission. Upon HOME Commission approval of financing for a project that includes a portion of St. Charles' funding, that project comes to the Housing Commission for review and approval.

Mr. Berger said for the Home Rehab Program, the County assists approximately 15 – 18 total projects each year, with one to two of them located in St. Charles. Competition exists with investors coming in and purchasing homes, putting very little improvements into the property and then renting these homes out indefinitely until profitability runs out. Ms. Waibel asked for statistics showing the number of homeowners the County has helped county-wide over the past three years as well as those just in St. Charles.

Ms. Pierog asked about family housing and what the thoughts are regarding that. Mr. Berger said they are seeing a lot of senior housing developments, as that is a non-controversial way to do business. Ms. Waibel added that there are a lot of families that want to come to St. Charles to have their children attend our schools.

Ms. Johnson said there is approximately \$750,000 in the Housing Trust Fund, with an increase in revenue predicated upon what development projects come in. The Commission discussed allocating a total of \$500,000 in funding and placing the majority into the Affordable Housing Fund, in order to have a larger impact. They decided to allocate \$42,000 each in the Home Rehab Program and First Time Homebuyer Program, which would be enough for four loans under each program, assuming the maximum \$10,000 loan is made. The remaining \$416,000 would go into the Affordable Housing Fund. Mr. Berger noted that amount would likely last for approximately two application cycles. It was noted that additional funds could be added to any of the programs at any time by amending the IGA.

A motion was made by Ms. Pierog, seconded by Mr. Glenn and unanimously passed by voice vote to recommend approval of the Intergovernmental Agreement with Kane County and a total Housing Trust Fund allocation of \$500,000, with \$42,000 for the Home Rehab Program,

\$42,000 for the First-Time Homebuyer Program, and \$416,000 for the Affordable Housing Fund.

9. Additional Business

a. Election of Officers

A motion was made by Ms. Pierog and seconded by Ms. Payleitner to nominate Ms. Eakins as Chair. A motion was made by Ms. Waibel and seconded by Ms. Payleitner to nominated Mr. Glenn as Vice Chair. The slate of candidates was approved by unanimous voice vote.

10. Future Meeting Dates

- a. Thursday, June 14, 2018 (Council Chambers) – To be cancelled**
- b. Thursday, July 12, 2018 (Council Chambers)**
- c. Thursday, August 9, 2018 (Council Chambers)**

11. Public Comment – None

12. Adjournment at 8:53 p.m.